

## Texas Anti-Corruption Campaign

### Texas Taxpayers Lose More than \$1 Billion to Corruption, Misappropriation and Waste



Texas ranked 27<sup>th</sup> in a State Integrity Investigation, among 50 states on the Corruption Risk Report Card with an overall grade of

# D+

*The State Integrity Investigation is a partnership of the Center for Public Integrity, Global Integrity and Public Radio International*

**Audits in the Public Interest**

**Clean Elections Texas**

**Common Cause Texas**

**Common Ground for Texans**

**Environment Texas**

**Houston Area Move to Amend**

**League of Independent Voters of Texas**

**Libertarian Party of Texas**

**PODER**

**Public Citizen**

**Texans for Public Justice**

**TexPIRG**

#TXAntiCorruption  
For additional information call  
512-477-1155

### Contract Scandals

- The State Auditor accused Electronic Data System of overbilling Texas **\$51 million** in 2003, in addition to millions of dollars in other improper expenses. EDS paid \$24.5 million to settle the matter.
- Accenture bungled an **\$899 million** contract to manage Medicaid, food stamps and children's health insurance in 2006. Applicant backlogs ballooned, denying benefits to thousands of families. Texas cancelled the contract after paying **\$244 million**. IBM's **\$863 million** contract to consolidate Texas's data centers blew up with a 2008 server crash. Lost data potentially compromised a Medicaid fraud investigation. The parties settled, transferring the work to other firms after the state had paid most of IBM's botched contract.
- After cancelling a shady **\$110 million** Medicaid fraud contract with 21CT in 2014, Texas began investigating a decade's worth of no-bid, bungled or wasteful contracts at Health and Human Services. The agency approved **\$24 billion** in contracts just in fiscal 2014.
- Virginia's Abrams Learning & Information Systems landed a **\$20 million** no-bid contract from the Department of Public Safety for border security. The Travis County Public Integrity Unit was investigating that contract when Gov. Perry vetoed Public Integrity funding in 2014.

### Gubernatorial Slush Funds

- The State Auditor found that Perry's **\$507 million** Texas Enterprise Fund (TEF) doled out **\$222 million** "in taxpayer dollars to businesses and universities that never even formally applied" for funds. TEF awarded **\$333 million** to 44 companies that contributed \$1.7 million to Perry and another \$5.3 million to the Republican Governors Association (which gave Perry \$4 million). Most TEF-funded companies failed to deliver on the job-creation requirements found in their original TEF contracts.
- The State Auditor found that Perry's **\$485 million** Emerging Technology Fund (ETF) had no consistent process for awarding grants, did not stop advisory board members from taking compensation from grant recipients, didn't record meetings and failed to submit mandatory annual reports.
- Perry's TEF and ETF gave a total of **\$4.75 million** to inter-twined biotech firms Gradalis and G-Con. Around the time of the grants Perry collected **\$100,000** from John McHale, a Democratic donor who helped launch the companies. Perry collected **\$245,000** more from James Leininger and David Shanahan, two other investors in those startups.
- Perry's \$2 billion Cancer Prevention and Research Institute of Texas bypassed required scientific reviews to grant **\$20 million** to a biotech incubator and **\$11 million** to Peloton Therapeutics. A major Peloton investor gave Perry \$246,000.

### Pay to Play

- Overruling the aquifer-contamination concerns of its own staff in 2009, the Perry-appointed heads of the Commission on Environmental Quality authorized Waste Control Systems to build a low-level nuclear dump near the Ogallala Aquifer. Waste Control was then controlled by Harold Simmons, who gave Perry more than **\$1.2 million**.
- Rick Perry raised \$110 million as governor, taking a remarkable 21 percent of that money (**\$23 million**) from more than 1,100 contributors who were his appointees or spouses of his appointees.
- After Perry issued a 2005 executive order fast-tracking TXU Corp.'s applications for 11 coal-fired power plants, TXU's PAC and executives gave Perry more than **\$100,000**.

### Revolving Doors

- In 2010 Ted Cruz helped convince the Texas Attorney General to drop an anti-trust lawsuit against Cruz's client Google. Cruz, who did not register as a lobbyist, had stepped down as the Texas Attorney General's solicitor general two years earlier.
- Before and after serving as Governor Perry's 2005 legislative director, a lane-changing lobbyist represented Spain's Cintra, the lead contractor for the short-lived **\$7 billion** Trans-Texas corridor.